

## Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 L-02 AID-05 IGA-01 CIAE-00 COME-00

EB-07 INR-07 LAB-04 NSAE-00 RSC-01 SIL-01 OMB-01

TRSE-00 AGR-10 DOTE-00 FMC-02 SS-15 SP-02 NSC-05 /073 W

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 1469

UNCLAS SECTION 1 OF 2 CAIRO 0530

PASS AID

E.O. 11652: NA

TAGS: EAID EG

SUBJECT: UNLOADING OF PL 480 TITLE I WHEAT IN ALEXANDRIA

REF: STATE 10213

SUMMARY: DIFFICULTIES INVOLVED IN PROVIDING FOR PRIORITY, BERTHING AND DISCHARGE OF SHIPS CARRYING PL-480 TITLE I WHEAT TO ALEXANDRIA ARE NUMEROUS AND INCLUDE PROBLEMS INVOLVING INEPT PERFORMANCE BY SHIPS AGENTS, GO-SLOW TACTICS BY STEVEDORES, AND SHORTCOMINGS OF CHARTER PARTY AGREEMENTS. A SERIES OF RECOMMENDATIONS IS PROVIDED WITH RESPECT TO LATTER POINT WHICH, IF IMPLEMENTED, COULD PROVIDE FOR THE MORE RAPID AND SMOOTH DISCHARGE OF WHEAT SHIPPED. END SUMMARY

1. FOLLOWING IS A REPORT PREPARED BY CONGEN ALEXANDRIA ON RECENT WHEAT UNLOADING PROBLEMS IN THAT PORT.

2. S/T VANTAGE HORIZON ARRIVED OUTSIDE ALEXANDRIA HARBOR DEC 18. PRIOR TO SHIP'S ARRIVAL, VANCOR STEAMSHIP COMPANY PRESIDENT AND VICE PRESIDENT CAME TO ALEXANDRIA TO CONFER WITH LOCAL AGENT, THEBES, RE ARRIVAL ARRANGEMENTS AND GENERAL PORT SITUATION. TRIP NECESSITATED BECAUSE UNCLASSIFIED

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AGENT FAILED ANSWER ANY CABLES WHICH COMPANY SENT FROM

NEW YORK. (THIS IS SAME TYPE OF EXPERIENCE WHICH MARYLAND TRADER ENCOUNTERED). DURING THEIR TALK WITH AGENT, COMPANY REPS WERE AT NO TIME INFORMED THAT AMCONGEN EXISTS IN ALEXANDRIA AND AGENT LATER SOUGHT DISCOURAGE CONTACT WITH CONSULATE.

3. DURING DISCUSSIONS WITH THE AGENT, COMPANY REPS WERE INFORMED IT WOULD REQUIRE A CASH PAYMENT OF ROUGHLY \$2,000 TO MAKE NECESSARY ARRANGEMENTS FOR PROMPT BERTHING OF THE SHIP. COMPANY REPS PAID THIS SUM TO THE AGENT.

4. MEANWHILE CONGEN AND EMBASSY HAD APPROACHED GOE OFFICIALS AND OBTAINED PROMISE THAT PL-480 SHIPMENTS WOULD BE GIVEN PRIORITY TREATMENT. VANTAGE HORIZON DID IN FACT DOCK AFTER ONLY NINE DAYS AND WAS GIVEN PRIORITY OVER THIRTEEN OTHER WHEAT SHIPS. CONGEN HAS NO EVIDENCE THAT PAYMENT COMPANY REPS MADE REACHED ANY GOE OFFICIAL WHO WAS IN A POSITION TO PROVIDE THE HIGH-LEVEL PRIORITY WHICH WAS GRANTED.

5. AFTER DOCKING, SHIP BEGAN TO ENCOUNTER DISCHARGE PROBLEMS, PROMPTING CAPTAIN AND VICE PRESIDENT OF COMPANY APPROACH CONGEN FOR HELP. MOST OF DIFFICULTIES FLOWED FROM CHARTER PARTY ITSELF. EGYPT NORMALLY PROVIDES FOR DISCHARGE OF WHEAT WHICH IT RECEIVES AND IS THEREFORE RELATIVELY UNACCUSTOMED TO HAVING A SHIP CONTRACT TO PROVIDE FOR ITS OWN DISCHARGE. THE VANTAGE HORIZON, FOR ITS PART, HAD MADE AN ARRANGEMENT WITH A CONTRACTOR, WITH WHOM ITS OWNERS HAVE WORKED PREVIOUSLY, TO BE MET IN ALEXANDRIA WITH 17 VACUVATORS. HOWEVER, ACCORDING TO CLAUSE 16 OF CHARTER PARTY, THE SHIP NOT ONLY CONTRACTED TO PROVIDE VACUVATORS, BUT ALSO TO OPERATE THEM. TO MEET THIS REQUIREMENT, THE SHIP, THROUGH ITS AGENT, CONTRACTED THE RECEIVERS (MINISTRY OF SUPPLY) REQUESTING THAT IT BE ALLOWED TO HIRE SIX MEN TO OPERATE MACHINES. AN OPERATOR MERELY TURNS THE MACHINE ON AND OFF. HE ALSO TURNS THE MACHINE OFF IF THE HOPPER TO WHICH IT IS FEEDING IS FULL OR IF ADDITIONAL PIPE MUST BE ADDED. THUS, SIX MEN CAN EASILY WATCH 17 VACUVATORS. FOR THIS SERVICE THE RECEIVERS TOLD THE SHIP THAT THEY WOULD BE CHARGED ONE DOLLAR A TON OR ROUGHLY \$25,000. WHEN THEY UNCLASSIFIED

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REFUSED AND TOLD THE RECEIVERS THEY WOULD OPERATE THE MACHINES WITH THE SHIP'S CREW, THE CHARGE FOR THE OPERATORS EVENTUALLY CAME DOWN TO 54 EGYPTIAN POUNDS PER DAY WHICH WILL COST APPROXIMATELY \$1,600.

6. THIS SAME CLAUSE 16 PROVIDES THAT THE RECEIVER'S STEVEDORES BE EMPLOYED FOR CHARTERERS/RECEIVER'S ACCOUNT. THIS PROVISION IS BEING INTERPRETED BY EGYPTIANS TO REQUIRE THAT

SHIP PAY TO HAVE CARGO SWEEPED DOWN OFF THE NUMEROUS LEDGES AND STRUCTURAL SUPPORT SHELVES TO A POINT WHERE IT CAN BE REACHED BY THE VAC-U-VATOR SUCTION. VANTAGE HORIZON IS IN FACT PAYING A CREW TO SWEEP THE TANKS CONTINUOUSLY DURING DISCHARGE AS THE SHELVES BECOME ALMOST INACCESSIBLE WHEN TANK IS EMPTY.

7. CLAUSE 16 ALSO PROVIDES FOR A DISCHARGE RATE OF 1,000 TONS A DAY AND IT IS THIS FACTOR WHICH APPEARS TO HAVE CONTRIBUTED TO MANY OF THE SHIP'S COMPLAINTS. OWNERS ARE WELL AWARE THAT THEY DID NOT HAVE TO ACCEPT THE CONTRACT, BUT STATED THAT WITH TANKER TRADE SLOW, SHIPOWNERS HAVE LITTLE NEGOTIATING POWER IN A CONTRACT OF THIS NATURE AND, IN FACT, CONTRACT IS USUALLY ACCEPTED BY PHONE BEFORE IT IS STUDIED IN DETAIL. CONGEN WAS TOLD THAT A CAVUVATOR, IF OPERATED WITH A MINIMUM OF ATTENTION, SHOULD PUMP AT LEAST 10 TONS AN HOUR AND, ALLOWING FOR NORMAL WORKING STOPPAGES, SHOULD PRODUCE 200 TONS A DAY. THE VANTAGE HORIZON HAS 17 FUNCTIONING MACHINES AND THEREFORE EXPECTED TO BE ABLE TO DISCHARGE AT A RATE OF AROUND 3,500 TONS A DAY. IN FACT, THE SHIP DID INITIALLY HAVE A FEW DAYS OF 2,800 AND 2,600, BUT THIS WAS WHEN TANKS WERE FULL AND NOZZLES REQUIRED LITTLE ATTENTION BY STEVEDORES. AS TANK CONTENTS DIMINISHED, STEVEDORES REFUSED TO REMAIN IN THE TANKS WATCHING NOZZLES AND WERE EXTREMELY RELUCTANT TO MOVE PIPE ETC., WITHOUT FIRST RECEIVING CIGARETTES(TO DATE SHIP HAS DISTRIBUTED OVER \$500 IN CIGARETTES IN GRATUITIES). OWNERS ALSO FEEL THAT DRAMATIC DROP IN DISCHARGE RATE FROM 2,800 TO 1,300 WAS A DIRECT RESULT OF THEIR REFUSAL MAKE PAYOFF TO THE SIX VACUVATOR OPERATORS OR ALSO TO HEAD STEVEDORE.

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TRSE-00 AGR-10 DOTE-00 FMC-02 SS-15 SP-02 NSC-05 /073 W

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8. WHEN DISCHARGE FELL TO 1,300 TONS CONGEN AT ONCE CONTACTED GENERAL MANAGER AT ALEXANDRIA PORT AUTHORITY, EXPRESSING ITS CONCERN BOTH WITH RESPECT TO THE PAYOFF ALREADY MADE REGARDING THE BERTHING AS WELL AS ALLEGED SLOWDOWN IN DISCHARGING OF SHIP. AFTER BEING REMINDED OF AID ASPECTS OF CARGO AND PREVIOUS EGYPTIAN ASSURANCES THAT SHIPS WOULD BE DISCHARGED PROMPTLY, GENERAL MANAGER REQUESTED THAT WE NOT GO TO HIGHER AUTHORITIES AS THEY WOULD MERELY CONTACT HIM. HE ASSURED US HE WOULD SOLVE PROBLEM. HE AGREED WITH CONGEN'S CONCERN THAT CHARTER PARTY DISCHARGE RATE HAD BEEN SET TOO LOW, EXPRESSING THE VIEW THAT RATE COULD BE MET BY CARRYING CARGO OFF THE SHIP IN SACKS. HE THEN ARRANGED A MEETING WITH HEAD STEVEDORE, THE SHIP'S CAPTAIN, THE RECEIVERS AND CONGEN. AT THIS MEETING HE TOLD STEVEDORES IN VERY CLEAR TERMS THAT HE WOULD HAVE TO DO A BETTER JOB, ESPECIALLY IN REGARD TO KEEPING HIS MEN IN TANKS AND UNDER NO CIRCUMSTANCES WOULD HE ACCEPT A RATE OF LESS THAN 2,500 TONS A DAY. AFTER MEETING, CONGEN MADE SEVERAL INDEPENDENT CHECKS OF THE OPERATIONS, WHICH CONFIRMED SHIP'S CONTENTION RE IMPOSSIBILITY GETTING STEVEDORES TO REMAIN IN TANKS OR TO MOVE PIPE. DISCHARGE RATE ONLY INCREASED TO 1,700 IN SPITE OF FACT THAT GENERAL MANAGER TOLD HEAD STEVEDORE HE WOULD ABSORB HIS ADDITIONAL LABOR COSTS AS STEVEDORS'S CONTRACT UNCLASSIFIED

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ALSO CALLS FOR 1,000 TONS A DAY.

9. WHEN CONGEN DISCOVERED THERE HAD BEEN LITTLE OR NO IMPROVEMENT (STEVEDORES HAD IN FACT STOPPED WORKING THE DOCK-SIDE BAGGING OPERATIONS FROM TEN AT NIGHT UNTIL EIGHT IN THE MORNING, IT AGAIN REQUESTED MEETING OF PARTIES CONCERNED. AT THIS JUNCTURE AN INDIVIDUAL WHO SAID HE WAS FROM "ADMINISTRATIVE CONTROL" OFFICE AND CAN ONLY BE CHARACTERIZED AS AN INTERNAL POLICE OFFICIAL OF SOME SORT, TOOK OVER THE MEETING. HE CATEGORICALLY INFORMED STEVEDORES THAT IN NO UNCERTAIN TERMS HIS OPERATION WOULD IMPROVE OR ELSE. FOLLOWING DAY, SHIP DISCHARGED 2,300 TONS, WHICH WAS AN INCREASE OF 500 TONS OVER PREVIOUS DAY AND AT A POINT WHERE DISCHARGE RATE SHOULD HAVE BEEN DROPPING OFF DUE TO THE LEVEL OF TANKS. HE ALSO INFORMED CAPTAIN AND CONGEN IN A PRIVATE DISCUSSION THAT ORIGINAL \$2,000 PAYMENT WOULD BE RETURNED, WHICH HAS BEEN DONE. CONGEN HAD COMPLAINED OF THIS TO THE GENERAL MANAGER.

10. RECOMMENDATIONS:

A. IN AN EFFORT TO ALLEVIATE ALEX PORT DISCHARGE PROBLEM, RECOMMEND CLAUSE 16 OF CHARTER PARTIES BE AMENDED TO INCLUDE THE FOLLOWING: (I) CALL FOR DISCHARGE RATE OF 2,000 TONS A DAY; AND (II) PROVIDE THAT RECEIVER'S STEVEDORES BE EMPLOYED TO CONNECT, DISCONNECT AND ATTEND ALL VAC PIPING ON DECK AND IN THE TANKS INCLUDING NOZZLE SUCTION AND SWEEP ALL CARGO TO BOTTOM OF TANKS WHERE IT CAN BE REACHED WITH VAC SUCTION PIPES AS TANK IS BEING DISCHARGED; AND (III) CONTINUE DURING DISCHARGING FOR THE CHARTERERS/RECEIVER'S ACCOUNT.

B. ALEXANDRIA IS IN FACT CAPABLE OF HANDLING AN INCREASED DISCHARGE RATE. PRIMARY PROBLEM IS WITH LABOR AND ONLY INCIDENTLY WITH TRANSPORTATION AWAY FROM DOCK BY BARGE OR TRUCK. WITH INCREASED RATE, THE STEVEDORS WOULD NOT BE ABLE TO FALL BACK ON THEIR CONTRACT AS EXCUSE. PROMPT DISCHARGE WOULD HELP RELIEVE GENERAL PORT CONGESTION AND ALSO ALLOW GOE TO RECEIVE ADDITIONAL DISPATCH COMMISSIONS.

C. TO AVOID ANY FUTURE PROBLEMS REGARDING PAYMENTS FOR UNCLASSIFIED

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VAC OPERATORS, CLAUSE 24 SHOULD BE AMENDED TO PROVIDE THAT CHARTERERS/RECEIVER'S SHOULD OPERATE VACS AND SHOULD SUPPLY FUEL. AS IT NOW STANDS, SHIP IS PAYING TO PUMP AIR. OF COURSE, THESE CHNGES WILL AFFECT RATE PAID TO SHIPPER, BUT SHOULD HELP TO ELIMINATE SOME OF PROBLEMS ALREADY ENCOUNTERED.

D. RE POOR RESPONSE FROM SHIPPING AGENT: CONGEN WILL CONTINUE TO MAKE PROPER AUTHORITIES AWARE OF THE PROBLEM AND REGISTER COMPLAINTS DIRECTLY WITH AGENT INVOLVED.

11. ONE ADDITIONAL POINT NOTED BY CONGEN IS THAT FOREIGN FLAG VESSELS, SUCH AS MOUNT JULIE, PRESENTLY IN PORT, ARE IN NO HURRY TO DEPART, BECAUSE THEIR DEMURRAGE RATE IS HIGH ENOUGH SO THAT THEY CAN MAKE A PROFIT JUST BY SITTING. THERE HAVE EVEN BEEN SOME ALLEGATIONS THAT A KICKBACK IS INVOLVED. THEREFORE, IN FUTURE, DEMURRAGE RATES SHOULD PERHAPS BE GIVEN A CLOSER SCRUTINY.  
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